

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

FARLAKE GROUP PLC

(adopted by Special Resolution
passed on 28 July 2000)

PRELIMINARY

- 1 The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by any enactment coming into operation prior to the date of adoption of those Articles (such regulations as so amended being hereinafter called "Table A") shall apply to the Company save in so far as they are varied or excluded by or are inconsistent with these Articles. In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these articles to any provisions of the Act shall be deemed to include a reference to any statutory modification of re-enactment of that provision for the time being in force.

- 2 In these Articles and (where appropriate) in Table A:

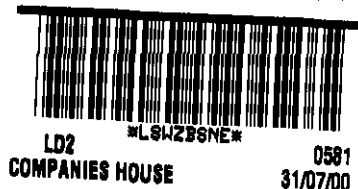
"these Articles" means these Articles of Association as from time to time altered by Special Resolution.

"the Auditors" means the auditors for the time being of the Company.

"the Board" means the Directors or any of them acting as the Board of Directors of the Company.

BUSINESS

- 3 Any branch or kind of business which the Company is either expressly or by implication authorised to undertake maybe undertaken by the Board at such time or times as it may consider expedient and further maybe suffered by it to be in abeyance, whether such branch



or kind of business may have actually commenced or not, so long as the Board may consider it expedient not to commence or proceed with the same.

SHARE CAPITAL

- 4 The share capital of the Company at the date of the adoption of these Articles is £500,000 divided into 500,000 Ordinary Shares of £1 each.

CLASS RIGHTS

- 5 (1) Whenever the capital of the Company is divided into different classes of shares, subject to the provisions of section 127 of the Act, all or any of the special rights attached to any class from time to time may (unless otherwise provided by the terms of the issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). All the provisions of these Articles and of Table A shall, mutatis mutandis, apply to every such separate general meeting, but so that the necessary quorum shall be one or more persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, those members who are present in person or by proxy, whatever their holdings, and the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively and any holder of shares of the class present in person or by proxy may demand a poll.

Provided that no person dealing with the Company shall be concerned to see or enquire whether the restrictions imposed by this Article have been observed and no transactions in breach of such restrictions or any of them shall be invalid or ineffectual except in the case of express notice having been given to such other person at the time when the transaction was effected that there had been or that there would thereby be a breach of these restrictions.

- (2) Subject to paragraph (1) of this Article, the rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed varied by the creation or issue of further shares ranking *pari passu* therewith.

ISSUE OF SHARES

- 6 Subject to the provisions of the Act, the unissued shares in the capital of the Company shall be under the control of the Board who may allot grant options over or otherwise deal with or dispose of the same to such persons at such time and generally on such terms and conditions as they may think fit.
- 7 The Company shall not be bound to recognise any person as holding any share upon any trust nor any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles otherwise expressly provided or as by statute required or under an order of Court) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and even if the trust or qualified title of a holder be recognised such recognition shall be for the purpose only of designation and shall not affect or modify the rights and liabilities of such holder as regards the Company and the Board may at any time require any person whose name is entered in the Register of Members of the Company to furnish them with any information

which they consider necessary for the purpose of establishing the beneficial ownership of any shares. Any person whose name is entered on the Register of Members shall be obliged to supply the company with such information within 14 days of the despatch by or on behalf of the Board of a notice by recorded delivery post. Regulation 5 of Table A shall not apply.

CALLS

- 8 The liability of any member in default in respect of a call shall be increased by the addition at the end of regulation 15 of Table A of the words "all expenses that may have been incurred by the Company by reason of such non-payment shall also be payable by such person, should the directors so require".

PROCEEDINGS AT GENERAL MEETINGS

- 9 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to each of the Directors of the Company and to any alternate Directors. Directors and alternate Directors shall be entitled, whether or not they are members of the Company, to attend and speak at any general meeting.
- 10 Regulation 41 of Table A shall be read and construed as if the words "and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved" were added to the end.
- 11 (1) No member shall, unless the Board otherwise determines, be entitled to vote at a General Meeting or at any separate meeting of the holders of any class of shares in the Company either personally or by proxy if a disenfranchisement notice (as defined in paragraph (2) of this Article shall have been served on him and shall not have been withdrawn.
- (2) Where, in respect of any shares of the Company, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice (in this Article called a "statutory notice") given by the Company under Section 212 of the Act or where (in purported compliance with a statutory notice) such registered holder or person makes a statement which in the opinion of the Board is false or misleading in any material particular, then not earlier than 28 days after service of the statutory notice the Company may serve on such registered holder a notice (in this Article called a "disenfranchisement notice") stating that such shares shall with effect from the service of the disenfranchisement notice confer on him no right to vote either at any General Meeting or any separate General Meeting of the holders of the shares of that class. The Company may at any time withdraw a disenfranchisement notice by serving on the registered holder of the shares to which the same relates a notice in writing to that effect (in this Article called a "withdrawal notice"), and shall do so on being satisfied that the statutory notice has been complied within respect of all the shares to which the statutory notice related. Unless and until a withdrawal notice is duly served in relation thereto the registered holder on whom the disenfranchisement notice has been served shall not be entitled to attend or vote at such General Meeting or separate General Meeting as aforesaid. For the purposes of this Article a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said Section 212 which fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant Section 212

notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

- 12 The Board may at the expense of the Company send, by post or otherwise, instruments of proxy (reply-paid or otherwise) to members for use at any General Meeting or at any separate meeting of any class or members of the Company, either in blank or nominating in the alternative any one or more of the Directors of any other persons. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitation are issued at the expense of the Company, such invitations shall be issued to all (and not some only) of the members entitled to be sent a notice of the meeting and to vote thereat by proxy.

DIRECTORS

- 13 The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sum as the Company may by Ordinary Resolution determine. Such remuneration shall be deemed to accrue from day to day and shall be divided among the Directors as the Board may determine or failing such determination equally. The Directors shall also be entitled to be paid all travelling, hotel and other expenses incurred by them in attending or returning from meetings of the Board or any committee of the Board or General Meetings of the Company or in connection with the business of the Company, Regulations 82 and 83 of Table A shall not apply.
- 14 The Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is a subsidiary company of the Company and to the wives, widows, children and other relatives and dependants of any such persons and may establish, maintain and support pensions, superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of them or any class of them, and so that any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise). Regulation 87 of Table A shall not apply.
- 15 Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are beyond the ordinary duties of the Director or who goes or resides abroad for any purpose of the Company shall, unless expressly resolved to the contrary by the Company in general meeting, be paid such extra remuneration by way of salary, percentage of profits or otherwise, as the Directors may determine.
- 16 The Board may from time to time appoint one or more of the Directors as an executive or managing director for such period, on such terms and at such remuneration (whether by way of salary, commission, participation in profits, or partly in one way and partly in another or others) as the Board may determine.
- 17 Unless otherwise determined by Ordinary Resolution of the Company, the Directors shall be not less than two nor more than ten in number. Regulation 64 of Table A shall not apply.
- 18 Subject to the provisions of the Act a Director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested and he may receive and retain for his own benefit all profits and advantages accruing to him in respect thereof. A Director may hold and be remunerated in respect of any office or place of profit (other than

the office of Auditor of the Company or any subsidiary thereof) under the Company or any such other company and he or any firm of which he is a member may act in a professional capacity for the Company or any such other company and be remunerated therefor. Notwithstanding his interest a Director may vote on any contract, arrangement or matter in which he is interested and be reckoned in estimating a quorum at any meeting at which the same is considered. Regulations 94 and 95 of Table A shall not apply.

- 19 No share qualification shall be required for a Director.

ALTERNATE DIRECTORS

- 20 Any Director (other than an alternate Director) may appoint any other person willing so to act to be an alternate Director and may remove from office an alternate Director so appointed by him. Any such appointment or removal shall take effect only when received at the registered office of the Company. Regulation 65 of Table A shall not apply.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 21 The office of a Director shall be vacated if:

- (a) he ceases to be a Director by virtue of any provisions of the Act or he becomes prohibited by law from being a Director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns from office by notice to the Company; or
- (e) he shall for more than six consecutive months have been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated unless he shall have appointed an alternate Director who has not been similarly absent during such period; or
- (f) if any disqualification order is made against him under the Insolvency Act 1986; or
- (g) he shall attain the age of 70 years.

Regulation 81 shall not apply.

PROCEEDINGS OF DIRECTORS

- 22 Any Director or alternate Director absent or intending to be absent from the United Kingdom may request the Board that notices of Board meetings or meetings of committees of the Board shall during his absence be sent in writing to him at his last known address or any other address given by him to the Company for this purpose, but in the absence of any such request it shall not be necessary to give notice of a Board meeting to any Director or alternate Director who is for the time being absent from the United Kingdom. Regulations 66 and 88 of Table A shall be varied accordingly.

COMMITTEES

- 23 The Board may establish any committees, local boards or agencies for managing any of the affairs of the Company either in the United Kingdom or elsewhere, and may appoint any persons to be members of such committees, local boards or agencies and may fix their remuneration, and may delegate to any committee, local board, or agent any of the powers, authorities and discretions vested in the Board (other than its power to make calls, forfeit shares or accept surrenders of shares) with power to sub-delegate, and may authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be on such terms and subject to such conditions as the Board may think fit provided that at least one half of the members of such a committee, local board or agency shall be Directors and that no resolution of such a body shall be effective unless a majority of the members thereof present at the meeting are Directors. The Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

AGENTS

- 24 The Board may at any time and from time to time and by power of attorney under the Seal or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

DELEGATION

- 25 (1) Except as provided in paragraph (2) of this Article the Board may delegate to:-
- (a) any committee appointed under paragraph (3) of this Article;
 - (b) any executive Director (within the scope of Article 16);
 - (c) the Secretary; and
 - (d) any agent or agents appointed under Article 25

such of the powers, authorities or discretions vested in it as the Board thinks fit. Such delegation may include power to sub-delegate and may be annulled or varied by the Board

at any time, but no person dealing in good faith and without notice of such annulment or variation shall be affected thereby.

- (2) The following powers of the Board may not be delegated except to a committee of the Board appointed under paragraph (3) of this Article, namely issuing shares; making calls; declining to register transfers; determining Directors' remuneration; appointing and removing executive Directors; borrowing; recommending and declaring dividends.
- (3) The Board may delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (4) Any committee so formed shall in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.
- (5) Any committee shall have power unless the Board otherwise agrees to co-opt as a member or members of the committee for any specific purpose any person or persons although not being members of the Board or of the Company provided always that the majority of members of any committee shall be members of the Board.
- (6) A committee may elect a Chairman of its meetings. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be Chairman of the meeting.
- (7) A committee may meet and adjourn as its members think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote.
- (8) A committee shall only be quorate if a majority of those members present are members of the Board but subject thereto the meetings and proceedings of a committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not suspended by any regulations imposed by the Board under or by the provisions of paragraph (4) of this Article.

EFFECT OF DEFECTS IN DIRECTORS' APPOINTMENT

- 26 Any acts bona fide done by any meeting of the Board, or of a committee of the Board, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified to be a Director and had been entitled to vote.

MINUTES

- 27 The Board shall cause minutes to be made:-
- (a) of all appointments of officers made by the Board
 - (b) of the names of the Directors present at each meeting of the Board and of committees of the Board

- (c) of all resolutions and proceedings at all meetings of the Company and of the holders of any class of shares in the Company and of the Board and of committees of the Board and shall include the names of the Directors present at each such meeting.

Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairman of the meeting at which the proceedings were had or by the Chairman of the next succeeding meeting. Regulation 100 of Table A shall not apply.

QUORUM

28 For the purpose of determining whether a quorum of the Board exists for the transaction of the business of the Board and without prejudice to the foregoing provisions of these Articles:-

- (a) in the case of a resolution agreed by Directors in telephonic communications with one another, all such Directors shall be counted in the quorum and any resolution so agreed shall be as valid and effective as if passed at a meeting of the Board duly convened and held;
- (b) in the case of a meeting of the Board, in addition to the Directors present at the meeting, any Director in telephonic communication with such meeting shall be counted in the quorum and entitled to vote;
- (c) any person attending a meeting of the Board, or in telephonic communication with such a meeting, who is both a Director and is acting as an alternate Director or a person who is acting as an alternate Director for two or more of the Directors shall, for the purposes of the quorum, be counted as one for each such person for whom he is acting as an alternate Director and, if applicable, as one as a Director.

And for the purposes of this Article a Director shall be treated as in telephonic communication with the meeting if by means of a conference telephone or similar communications equipment all persons participating in the meeting can hear each other.

BORROWING

- 29
- (1) Subject as hereinafter provided, the Board may exercise all the powers of the Company to borrow or raise money or to guarantee and to mortgage or charge its undertaking, property, assets and rights and uncalled capital or any part thereof and, subject to the provisions of the Act, to create and issue debentures, debenture stock, mortgages, charges and other securities, whether outright or as a security for any debt, liability or obligation of the Company or of any third party;
 - (2) The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (so far as regards subsidiaries as by such exercise it can secure) that the aggregate amount for the time being, remaining undischarged of all moneys borrowed by the Company and its subsidiaries (if any) (exclusive of inter-group borrowings) shall not, without the previous sanction of the Company in General Meeting exceed a sum equal to five times the aggregate of (i) the amount paid up or credited as paid up on the issued share capital of the Company and (ii) the sums standing to the credit of the capital and revenue reserves of the Company and its subsidiaries (if any) (including share premium account, capital redemption reserve and profit and loss account and including also amounts attributable to the interests of

minority shareholdings in subsidiaries (if any) but not including any sums set aside for taxation) all as shown in the latest audited balance sheet of the Company or the latest audited consolidated balance sheet of the Company and its subsidiaries (as the case may be) but after (a) making such adjustments as may be necessary in respect of any variation in the paid up share capital or share premium account of the Company (if any) since the date of that balance sheet and (b) deducting therefrom any amounts attributable to goodwill or other intangible assets and the amount of any debit balance on the latest audited consolidated profit and loss account, provided that no such sanction shall be required for the borrowing of any moneys intended to be applied within six months after the date of such borrowing in the repayment (with or without premium) of any moneys than already borrowed and remaining undischarged notwithstanding that the same may result in the said limit being temporarily exceeded. For the purposes of this Article the issue of debentures shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for a consideration other than cash.

- (3) No person dealing with the Company or any of its subsidiaries shall by reason of the foregoing provision be concerned to see or enquire whether this restriction is observed, and no debt incurred or security given in excess of such restriction shall be invalid or ineffectual unless the lender or recipient of the security had, at the time when the debt was incurred or security given, express notice that the restriction hereby imposed had been or would thereby be exceeded.

RESOLUTIONS

- 30 Any resolution in writing for the purposes of regulations 53 or 93 of Table A (or any part thereof) may be in the form of a telex, facsimile or in any other legible form sent by any other similar method of transmission and, unless the contrary shall be proved, it shall be deemed to be duly and validly signed by the person purporting to sign the same and whose name appears in the text as the person signing the same and signature in the case of a body corporate which is a member shall be sufficient if made by a director thereof or its duly authorised representative.

THE SEAL

- 31 (1) The Board shall provide for the safe custody of the Seal, which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf. The Board shall determine who may sign any instrument to which the seal is affixed and unless otherwise so determined every instrument to which the Seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose; provided that the Board may either generally or in any particular case or cases resolve (subject to such restrictions as to the manner in which the Seal may be affixed as the Board may determine) that such signatures or any of them may be affixed to certificates for shares or debentures or representing any other form of security by some mechanical means other than autographic to be specified in such resolution or that such certificates need not be signed by any person.
- (2) The Company may have:-
- (a) an official seal kept by virtue of Section 40 of the Act; and
- (b) an official seal for use abroad under the provisions of the Statutes, where and as the Board shall determine, and the Company may be writing under the Seal

appoint any agents or agent, committees or committee abroad to be the duly authorised agents of the Company for the purpose of affixing and using such official seal and may impose such restrictions on the use thereof as may be thought fit.

Wherever in these Articles reference is made to the Seal, the references shall, when and so far as may be applicable, be deemed to include any of such official seals as aforesaid. Regulation 101 of Table A shall not apply.

SECRETARY

- 32 (1) Subject to the provisions of the Statutes the Secretary shall be appointed by the Board for such term, at such remuneration and on such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.
- (2) Anything by the Act or these Articles required or authorised to be done by or to the Secretary, if the office is vacant or there is for any reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Board.
- (3) No person shall be appointed to hold office as Secretary who is:-
- (a) the sole Director of the Company; or
 - (b) a corporation the sole director of which is the sole Director of the Company; or
 - (c) the sole director of a corporation which is the sole Director of the Company.
- (4) A provision of the Statutes or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary. Regulation 99 of Table A shall not apply.

RECORD DATES

- 33 Notwithstanding any other provision of these Articles the Board may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within 6 months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

AUTHENTICATION OF DOCUMENTS

- 34 (1) Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Board and any books, records, documents, and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the registered office of the Company the officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.
- (2) A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with paragraph (1) of this Article shall be conclusive evidence in favour of all persons

dealing with the Company on the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Board.

NOTICES

- 35 Any notice or other document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the Register of Members, or by delivering it to or leaving it at such registered address, addressed as aforesaid, or by any other means provided such other means have been authorised in writing by the member concerned. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders. Any notice or other document served or delivered in accordance with these Articles of Association shall be deemed duly served or delivered notwithstanding that the member is then dead or bankrupt or otherwise under any legal disability or incapacity and whether or not the Company had notice thereof. Regulations 112 and 116 of Table A shall be deemed to be varied accordingly.
- 36 Notice of every General Meeting shall be given in any manner authorised by or under these Articles to all members other than such as, under the provisions of these Articles of the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, provided that any member may in writing waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.

REPRESENTATIVES

- 37 Any person who is a member and who is also acting as the representative or proxy of a member or members or a person who is not a member and who is acting as the representative or proxy of two or more members or a person who is not a Director acting as an alternate Director for two or more Directors or who is a Director and who acts as an alternate Director may sign a written resolution of the members or the Directors (as the case may be) in more than one capacity and he shall have one vote for every member and every Director for whom he so acts (as the case may be) (in addition to his own vote if he is also a member or Director as the case may be), and he shall not be obliged to act in the same manner or to vote for or against such resolution in respect of each capacity in which he acts, but such a person who attends a general meeting of the Company shall be counted once for each capacity in which he acts for the purpose of determining whether the quorum for the transaction of the business of the general meeting exists.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

- 38.1 Any one of the directors or the secretary for the time being of any corporation which is a member of the Company, or any other person appointed by resolution of the directors or other governing body of such corporation, may (subject to the articles of association of that corporation) act as its representative at any meeting of the Company or any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

- 38.2 Any member of the Board or the Secretary or any other person appointed by resolution of the Board may act as the Company's representative at any meeting of any corporation of which the Company is a member or of any class of members of such corporation and the person so authorised shall be entitled to exercise the same powers on behalf of the Company as the Company could exercise if it were an individual member of that corporation.

INDEMNITY

- 39 Every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 727 of the Act in which relief is granted to him by the Court, and any loss, damage or misfortune which may happen or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by section 310 of the Act.

COMPULSORY TRANSFER OF SHARES

- 40.1 If any person (the "**Transferor**") (other than the Holding Company or any person holding shares in the Company as nominee for and on behalf of the Holding Company) shall become entitled to have allotted and/or issued to it (or as it shall direct) any share capital in the Company (the "**Transfer Shares**") whether pursuant to the conversion of any Securities or otherwise, then the Holding Company may at any time direct by notice in writing to the Transferor signed on behalf of the Holding Company (a "**Direction Notice**") that the Transferor transfers the Transfer Shares to the Holding Company.
- 40.2 If a Direction Notice is given, the Transferor shall be bound to transfer all the Transfer Shares to the Holding Company on the Transfer Terms in the Completion Date against delivery of the Transfer Consideration. The Holding Company may at any time after the service of a Direction Notice by an appointment in writing signed by or on behalf of the Holding Company authorise some person (who is (as security for the performance of the Transferors' obligations) hereby irrevocably and unconditionally appointed as the attorney of the Transferor for the purpose):
- (i) to execute the necessary instrument of transfer of the Transfer Shares on behalf of the Transferor; and
 - (ii) to do such acts and things as may be necessary or appropriate in connection therewith

and may deliver them on the Transferor's behalf and the Company shall thereupon (subject to such instrument being stamped with any required stamp duty) cause the Holding Company to be registered as the holder of the Transfer Shares whereupon the validity of the proceedings shall not be questioned by any person.

- 40.3 For the purposes of this Article 40:

"Completion Date"	means a date being 3 days after the Direction Date;
Direction Date"	means the date of service of a Direction Notice;

"Encumbrance"	means any charge, lien, equity, third party right, option, right of pre-emption or any other encumbrance, priority or security interest of whatsoever nature;
the "Holding Company"	means Seymour Pierce Group plc, a public company incorporated in England and Wales under number 02070211 whose registered office is at 29/30 Cornhill, London EC3V 3NF;
"Securities"	means shares, stock, debentures, debenture stock, loan stock, bonds and other securities of any description issued by the Company including, but not limited to, the £1,250,000 zero rated convertible unsecured loan stock 1999/2001 created by the Company pursuant to a resolution of the board of directors and an instrument dated 29 July 1998;
"Transfer Consideration"	means (in the absence of any agreement to the contrary between the Transferor and the Holding Company) such number of ordinary shares of 1p each in the capital of the Holding Company calculated as 16 times the number of Transfer Shares the subject of the Direction Notice;
"Transfer Terms"	means that all the Transfer Shares shall be sold and purchased free from any Encumbrance and together with all rights attaching thereto as at the Direction Date or at any time thereafter and that the consideration for the Transfer Shares shall be the Transfer Consideration;

PROHIBITED TRANSFERS

- 41 No right, title of interest in any of the Ordinary shares in the Company or any right to have allotted any Ordinary Shares in the Company shall be transferred to any person other than the Holding Company without the prior written consent of the Holding Company which it shall be entitled to exercise or withhold in its absolute discretion.

ALLOTMENT OF SHARES

- 42 The Directors are generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to the aggregate nominal amount of the authorised but unissued share capital of the Company immediately following the adoption of these Articles (unless such authority is renewed, varied or revoked by the Company by Ordinary Resolution in General Meeting) save that the Directors may, at any time before such expiry, make an offer or agreement which might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.